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## **Argentina**

### **Wine**

## **Competition Annual**

### **2001**

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#### **Report Highlights:**

**Based on data from the National Wine Institute, Argentine wine production in 2001 is forecast at 15.8 million hectoliters, up 26 percent from last year due to good weather. Wine exports in 2001 are expected to increase due to good demand from foreign markets and the larger supply.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Buenos Aires [AR1], AR

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## Executive Summary

Argentina is the fifth largest wine producer in the world, after Italy, France, Spain and the United States. Total Argentine wine production in the year 2001 is estimated to reach 1.8 million hectoliters, an increase of nearly 26 percent from the previous year, due to good weather.

Total export of wines in 2001 is anticipated to increase, due to the expected greater wine supplies, and good demand in foreign markets.

## WINE

## SECTION I. SITUATION AND OUTLOOK

### Production

Argentina is the fifth largest wine producing country after Italy, France, Spain and the United States According to the National Wine Institute (NWI) total Argentine grape harvest in 2000 reached 2,191,156 metric tons of grapes, of which 96.6 percent was used to produce 12,536,821 hectoliters of wine and 4,304,422 hectoliters of grape must.

The area planted to grapes is 209,400 hectares, of which 142,702 hectares are located in Mendoza, 48,330 hectares in San Juan, 4,974 hectares in Rio Negro, 7,861 hectares in La Rioja, 2,935 in Catamarca and the rest distributed among other provinces.

There are 31,549 vineyards registered in the country and 56 percent of these are in Mendoza, 23 percent in San Juan and the rest of the producing provinces accounts for 21 percent.

In 2001, total grape production is estimated at 2,457,599 metric tons, an increase of 12.2 percent when compared to the previous year. Of this volume, 2,397,423 metric tons or 97.55 percent will be used for producing 15,795,891 hectoliters of wine, nearly 26 percent higher than in 2000 and a 3,306,056 hectoliters of grape must production. This increase in wine production in 2001 is due to improved climatic conditions compared to last year's, i.e.: fewer rains during the growing period, less hail storms, and less late frosts in October and November 2000 compared to 1999.

Mendoza is the principal producing province with 69.3 percent of total wine production, followed by San Juan with 25.4 percent, La Rioja with 3.68 percent, Salta with 1.52 percent and Rio Negro and Catamarca only minor production.

### Consumption

Per capita wine consumption continues to decrease; in 2000 it reached 37.73-liter per capita, versus 38.83 and 38.74 in 1998 and 1999, respectively. Common wine or table wine consumption per capita is estimated at 26.76 liters; fine wines at 10.25 liters per capita and other wines 0.69 liters per capita. The consumption of fine wines is increasing while the consumption of common or table is decreasing; consumption of red wines is higher than white wines. This trend has been increasing in the last couple of years. People who are 36-55 year old are consumers of wine, while younger people prefer to drink juices, colas or beer.

The internal market consumption is approximately 12,700,000 hectoliters, of which 26 percent corresponds to fine wines and 71 percent to common or table wines.

There is a high tendency to consume fractioned wines packed in tetra brick representing 60 percent of the sales, followed by bottled wine (26 percent), demijohns (11 percent) and in bulk (2 percent).

## **Marketing**

At present there are 1,219 wineries registered in the National Wine Institute, 873 wineries are in Mendoza, 241 in San Juan and 105 in other producing wine provinces. Each winery has several brands according to its final destination, and to the target it wants to reach.

Wines represent an estimated 30 percent of the beverage market; colas are in first place. The principal wineries have invested money in the reconversion of varieties, new processing technology, and in the promotion of their wines and publicity. However, the wine industry spends a very low percentage of their income in publicity, compared to other beverages.

## **Exports**

During CY 2000, Argentina exported 839.8 thousand hectoliters (hl) of wines valued at US\$ 124.7 thousand, of which 492.5 thousand hectoliters (hl) were exports of fine wine valued at US\$ 96.8 thousand, 327.5 thousand hectoliters (hl) were exports of table wine, valued at US\$ 20.0 thousand and 19.9 thousand hectoliters (hl) of sparkling wine were exported at US\$ 7.8 thousand. Total volume of wine exported decreased by 4.25 percent with respect to 1999. Nevertheless, the volume of fine and sparkling wine exported continued to be high.

Exports of wine are expected to increase in 2001. It is estimated that 517,000 hectoliters of fine wine will be exported; 343,000 hectoliters of wine exported will be table wine, 21,000 hectoliters will be sparkling wines, which represents an increase of nearly 5 percent, with respect to year 2000. Such increases are the result of more exports of Argentine fine wines to other markets, as well as an increase in the demand abroad; the good price and quality of Argentine wine and the promotion of Argentine wineries in international fairs.

The United Kingdom, United States, Germany, the Netherlands, Brazil, Canada, Denmark and France, among other countries are the main importers of Argentine fine wine. The principal importers of sparkling wines are the United States, Uruguay, Brazil, Venezuela, United Kingdom, Chile, Paraguay and Panama. Uruguay, Japan, Chile, South Africa, Bolivia, Denmark, China, Peru and the United States, among others, are the main importers of table wine.

Concentrated grape must exports in 2000 decreased by 17.4 percent compared to 1999. The total volume exported was 429.5 thousand hectoliters (hl) valued at US\$ 53.9 thousand. It is expected that a similar amount of grape must will be exported in 2001.

Main importing countries for grape must were: United States, Japan, Brazil, Canada and Chile.

## **Imports**

During 2000, 59,102 hectoliters of wine were imported, 38.7 percent less than in 1999. Of the total amount imported, 22,351 hectoliters of fine wine came from Chile, France and Spain; 14,929 hectoliters of fruit sparkling wine and 12,231 hectoliters of sparkling wine were imported from Chile, France and Spain. Argentina imported 7,136 hectoliters of table wine from Chile and a small amount from France and Spain. It is expected that a similar amount of wines will be imported in 2001.

## **TABLE GRAPE**

### **SECTION I. SITUATION AND OUTLOOK**

#### **Production**

Argentina is the sixth producer and consumer of grapes in the world. According to the National Wine Institute, in 2000 a total of 2,191,134 metric tons of grapes were harvested, a decrease of 10 percent with respect to the previous year's harvest. However, the quality of the fruit was better. Of the total grape harvest, 74,548 metric tons were used for fresh grapes of which San Juan and Mendoza are the main producing provinces, and the rest was produced in La Rioja and Salta provinces. From that volume 35,885 metric tons were used for raisins, (95.5 percent was produced in San Juan, 3.6 percent produced in La Rioja and the rest in Mendoza).

Argentine grape production in 2001 is expected to reach 2,457,599 metric tons of grapes, an increase of nearly 12 percent compared to last year. It is estimated that 60,598 metric tons of the total production will be used for fresh grapes, a reduction of 18.7 percent with respect to 2000. Thus, the production of raisins will reach 29,375 metric tons, or 20 percent less than last year's.

#### **Imports**

During 2000, Argentina imported 6,565 metric tons of table grapes, valued at US\$ 5.8 million; 3,944 metric tons were imported from Brazil, 2,618 metric tons from Chile, and 3 tons from Spain. Imports of table grapes in 2001 are expected to decrease, totaling approximately 5,800 metric tons.

#### **Exports**

Argentine exports of table grapes totaled 27,904 metric tons in 2000, valued at US\$ 40.7 million. Principal destinations were Belgium with 13,000 metric tons, followed by the Netherlands with 7,428 metric tons, and the United States with 3,479 metric tons. It is forecast that a total of 25,500 metric tons of table grapes will be exported in 2001.

### **SECTION II. NARRATIVE ON SUPPLY AND DEMAND, POLICY AND MARKETING**

## **Policy and Marketing**

As from April 2001, per decree 27/01 of the Ministry of Economy, the tariff on wine increased to 35 percent tax and for fresh grapes increased to 25 percent. The tariff was subsequently reduced to 28 percent on 6/19/2001 with the introduction of the dual exchange rate for imports and exports (See GAIN Report AR-1040 dated 6/20/2001).

Requirements to import viticulture products.

Importers of wine have to be registered at the National Wine Institute, and fulfill the regulations governing imported products.

Importers have to register at the AFIP (Argentine IRS) and obtain the correspondent certificate (at no cost).

Once the information provided by the importer is verified, the importer is given a Register Number and a Certificate (Form SCD.RM.11), that indicates that he or she is an importer of viticulture products.

Viticulture products imported shall follow the rules and limits of analytical composition specified for similar products produced locally, as specified in Law No. 14878. Such products will be accompanied by an analytical certificate, issued by the authority of the country of origin, specifying the type of product.

### **SECTION III. STATISTICAL INFORMATION**

PSD Table						
Country	Argentina					
Commodity	Wine				(1000 MT)	(1000 HL)
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
TOTAL Grape Crush	0	0	0	0	0	0
Begin Stock (Ctrl App)	0	0	0	0	0	0
Begin Stock (Other)	17378	18708	19554	19554	0	18574
TOTAL Beginning Stocks	17378	18708	19554	19554	19351	18574
Prod. from Wine Grapes	15887	12636	13800	12537	0	15796
Prod. from Tabl Grapes	0	0	0	0	0	0
TOTAL PRODUCTION	15887	12636	13800	12537	0	15796
Intra-EU Imports	0	0	0	0	0	0
Other Imports	97	96	97	59	0	59
TOTAL Imports	97	96	97	59	0	59
TOTAL SUPPLY	33362	31440	33451	32150	19351	34429
Intra-EU Exports	0	0	0	0	0	0
Other Exports	880	881	1100	840	0	882
TOTAL Exports	880	881	1100	840	0	882
Dom.Consump(Cntrl App)	0	0	0	0	0	0
Dom.Consump(Other)	12928	11005	13000	12736	0	12672
TOTAL Dom.Consumption	12928	11005	13000	12736	0	12672
End Stocks (Cntrl App)	0	0	0	0	0	0
End Stocks (Other)	19554	19554	19351	18574	0	20875
TOTAL Ending Stocks	19554	19554	19351	18574	0	20875
TOTAL DISTRIBUTION	33362	31440	33451	32150	0	34429

Export Trade Matrix			
Country	Argentina		
Commodity	Wine		
Time period	CY	Units:	Hectoliters
Exports for:	1999		2000
U.S.	99629	U.S.	123953
Others		Others	
Paraguay	152573	Paraguay	143526
United Kingdom	114744	United Kingdom	124046
Bolivia	71585	Bolivia	6295
Japan	65896	Japan	58223
Uruguay	61591	Uruguay	74756
Chile	50691	Chile	36349
Germany	38603	Germany	36118
South Africa	30704	South Africa	6960
Denmark	27931	Denmark	25574
Brazil	23773	Brazil	32037
Total for Others	638091		543884
Others not Listed	142780		172017
Grand Total	880500		839854

Import Trade Matrix			
Country	Argentina		
Commodity	Wine		
Time period	CY	Units:	Hectoliters
Imports for:	1999		2000
U.S.	920	U.S.	583
Others		Others	
Germany	7632	Germany	3078
Australia	36	Australia	7
Chile	62455	Chile	36999
Spain	10466	Spain	5911
France	10463	France	8403
Israel	426	Israel	271
Italy	2879	Italy	2679
Uruguay	577	Uruguay	106
Portugal	601	Portugal	178
Total for Others	95535		57632
Others not Listed	0		887
Grand Total	96455		59102

Prices Table			
Country	Argentina		
Commodity	Wine		
Prices in	pesos	per uom	wholesale hl.
Year	1999	2000	% Change
Jan	34.32	21.01	-38.78%
Feb	35.18	19.73	-43.92%
Mar	32.89	20.73	-36.97%
Apr	28.15	19.65	-30.20%
May	26.81	19.52	-27.19%
Jun	24.01	19.81	-17.49%
Jul	21.11	19.73	-6.54%
Aug	22.35	19.91	-10.92%
Sep	21.44	21.08	-1.68%
Oct	21.85	19.84	-9.20%
Nov	21.32	20.49	-3.89%
Dec	21.36	19.17	-10.25%
Exchange Rate	1 peso =Prices Wine:B20	Local currency/US \$	

PSD Table						
Country	Argentina					
Commodity	Fresh Table Grapes				(HA)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Commercial Production	21000	66000	20000	74549	0	60598
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	21000	66000	20000	74549	0	60598
TOTAL Imports	3700	5800	2700	6566	0	5800
TOTAL SUPPLY	24700	71800	22700	81115	0	66398
Domestic Fresh Consump	6000	25000	6000	18135	0	11523
Exports, Fresh Only	15900	23000	14000	27095	0	25500
For Processing	2800	23800	2700	35885	0	29375
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	24700	71800	22700	81115	0	66398

Export Trade Matrix			
Country	Argentina		
Commodity	Fresh Table Grapes		
Time period	CY	Units:	M. Tons
Exports for:	1999		2000
U.S.	1362	U.S.	3479
Others		Others	
Belgium	12439	Belgium	12988
Netherlands	3185	Netherlands	7428
Brazil	1607	Brazil	741
Canada	1569	Canada	782
Total for Others	18800		21939
Others not Listed	1618		1676
Grand Total	21780		27094

Import Trade Matrix			
Country	Argentina		
Commodity	Fresh Table Grapes		
Time period	CY	Units:	M. Tons
Imports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Brazil	3882	Brazil	3944
Chile	1269	Chile	2618
Uruguay	6	Spain	3
Total for Others	5157		6565
Others not Listed	0		0
Grand Total	5157		6565

Prices Table			
Country	Argentina		
Commodity	Fresh Table Grapes		
Prices in	pesos	per uom	kilo
Year	1999	2000	% Change
Jan	0.64	0.74	15.62%
Feb	0.62	0.63	1.61%
Mar	0.8	0.74	-7.50%
Apr	0.8	0.83	3.75%
May	1.05	0.7	-33.33%
Jun	1.13	0.83	-26.55%
Jul	1.51	1.35	-10.60%
Aug	1.67	1.32	-20.96%
Sep	1.56	1.55	-0.64%
Oct	1.61	1.27	-21.12%
Nov	1.65	1.47	-10.91%
Dec	1.08	0.89	-17.59%
Exchange Rate	1 peso =Prices Fresh Ta:E4	Local currency/US \$	